



EDWARDSBURG AMBULANCE SERVICE
Cass County, Michigan

FINANCIAL REPORT WITH
SUPPLEMENTARY INFORMATION

Year Ended March 31, 2005

AUDITING PROCEDURES REPORT

Issue under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name Edwardsburg Ambulance Service	County Cass
Audit Date March 31, 2005	Opinion Date May 10, 2005	Date Accountant Report Submitted to State: June 9, 2005	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ yes ☒ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) Campbell, Kusterer & Co., P.C.			
Street Address 512 N. Lincoln, Suite 100, P.O. Box 686		City Bay City	State MI
Accountant Signature Campbell, Kusterer & Co., P.C.		Zip 48707	

EDWARDSBURG AMBULANCE SERVICE
Cass County, Michigan

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CAMPBELL, KUSTERER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

May 10, 2005

To the Ambulance Board
Edwardsburg Ambulance Service
Cass County, Michigan

We have audited the accompanying financial statements of the governmental activities and each major fund of Edwardsburg Ambulance Service, Cass County, Michigan as of and for the year ended March 31, 2005, which collectively comprise the Ambulance Service's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Edwardsburg Ambulance Service's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Edwardsburg Ambulance Service, Cass County, Michigan as of March 31, 2005, and the respective changes in financial position thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, the Ambulance Service has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as of April 1, 2004.

The Management's Discussion and Analysis and budgetary comparison information listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Campbell, Kusterer & Co., P.C.

CAMPBELL, KUSTERER & CO., P.C.
Certified Public Accountants

EDWARDSBURG AMBULANCE SERVICE
Cass County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended March 31, 2005

The Management's Discussion and Analysis report of the Edwardsburg Ambulance Service covers the Ambulance Service's financial performance during the year ended March 31, 2005.

FINANCIAL HIGHLIGHTS

Our financial status remained stable over the last year. Our income consisted of \$158,687.14 in governmental subsidies, \$126,569.60 in run revenues, and \$11,132.75 in donations, interest on our checking account, and other miscellaneous income. This was \$40,172.17 higher than was actually budgeted at the beginning of the fiscal year.

Our expenses totaled \$294,260.71. This was \$5,837.54 under the original projected budget.

OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of three parts, management's discussion and analysis, the basic financial statements and required supplementary information. The basic financial statements include two different kinds of statements that present different views of the Edwardsburg Ambulance Service and the notes to the financial statements.

The first two statements are entity-wide financial statements and provide both long and short-term information about our overall financial status. These statements present governmental activities.

The remaining statements are fund financial statements, which focus on individual parts of the Edwardsburg Ambulance Service in more detail.

The notes to the financial statements explain some of the information in the statements and provide more detailed data.

Required supplementary information further explains and supports the financial statement information with budgetary comparisons.

ENTITY-WIDE FINANCIAL STATEMENTS

The entity-wide statements report information about the Edwardsburg Ambulance Service as a whole using accounting methods used by private companies. The statement of net assets includes all of the Ambulance Service's assets and liabilities. The statement of activities records all of the current year revenues and expenses regardless of when received or paid.

The two entity-wide statements report net assets and how they have changed. Net assets are the difference between the entity's assets and liabilities and this is one method to measure the entity's financial health or position.

Over time increases/decreases in the entity's net assets are an indicator of whether financial position is improving or deteriorating.

To assess overall health of the entity you may also have to consider additional factors such as tax base changes, facility conditions and personnel changes.

All of the activities of the Ambulance Service are reported as governmental activities. This includes the General Fund.

EDWARDSBURG AMBULANCE SERVICE
Cass County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended March 31, 2005

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the Edwardsburg Ambulance Service's funds, focusing on significant (major) funds not the Service as a whole. Funds are used to account for specific activities or funding sources. Some funds are required by law or bond covenants. The Ambulance Service Board also may create them. Funds are established to account for funding and spending or specific financial resources and to show proper expenditures of those resources.

The Edwardsburg Ambulance Service has only the General Fund.

FINANCIAL ANALYSIS OF THE AMBULANCE SERVICE AS A WHOLE

During the year we purchased \$21,282.08 of new capital assets.

Our cash position in the governmental activities remains strong.

Our external debt is \$9,393.59 in principal.

FINANCIAL ANALYSIS OF THE AMBULANCE SERVICE'S FUNDS

The General Fund pays for most of the Ambulance Service's governmental services. The most significant expenses incurred were wages in the amount of \$165,638.17.

CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

The Ambulance Service's governmental activities invested \$21,282.08 in capital assets.

The Ambulance Service obtained \$17,342.08 of principal on new long-term debt.

The Ambulance Service paid \$7,948.49 of principal on long-term debt.

KNOWN FACTORS AFFECTING FUTURE OPERATIONS

The future of Edwardsburg Ambulance Service includes operating at the Advanced Life Support level, thus saving over \$22,000.00 in intercept fees annually. It also makes us more marketable in operating in venues other than that which we currently serve. More emphasis will be placed on community involvement. This includes an Explorer Post for youths aged 15-20, to learn about the business of EMS and possibly prepare for health care professions in the future. The post was started in Edwardsburg in this last fiscal year.

CONTACTING THE AMBULANCE SERVICE'S MANAGEMENT

This report is designed to provide taxpayers, creditors, investors and other interested parties with a general overview of the service's finances and to demonstrate the service's accountability for the revenues it receives. If you have any questions concerning this report, please contact the Edwardsburg Ambulance Service Administrator at 26273 East Shore Drive, Edwardsburg, Michigan or by calling during the hours of 9:00 AM and 4:00 PM at 269-663-8022.

EDWARDSBURG AMBULANCE SERVICE
Cass County, Michigan

GOVERNMENT-WIDE STATEMENT OF NET ASSETS
March 31, 2005

	<u>Governmental Activities</u>
ASSETS:	
CURRENT ASSETS:	
Cash in bank	54 303 48
Taxes receivable	9 673 06
Accounts receivable	23 000 00
Due from other units	<u>149 014 08</u>
Total Current Assets	<u>235 990 62</u>
NONCURRENT ASSETS:	
Capital Assets	129 882 26
Less: Accumulated Depreciation	<u>(87 472 83)</u>
Total Noncurrent Assets	<u>42 409 43</u>
TOTAL ASSETS	<u><u>278 400 05</u></u>
LIABILITIES AND NET ASSETS:	
LIABILITIES:	
CURRENT LIABILITIES	<u>-</u>
Total Current Liabilities	<u>-</u>
NONCURRENT LIABILITIES:	
Contract payable	<u>9 393 59</u>
Total Noncurrent Liabilities	<u>9 393 59</u>
Total Liabilities	<u>9 393 59</u>
NET ASSETS:	
Invested in Capital Assets, Net of Related Debt	33 015 84
Unrestricted	<u>235 990 62</u>
Total Net Assets	<u>269 006 46</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>278 400 05</u></u>

The accompanying notes are an integral part of these financial statements.

EDWARDSBURG AMBULANCE SERVICE
Cass County, Michigan

GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
Year ended March 31, 2005

	<u>Expenses</u>	<u>Program Revenue</u> <u>Charges for Services</u>	<u>Governmental Activities</u> <u>Net (Expense)</u> <u>Revenue and</u> <u>Changes in Net</u> <u>Assets</u>
FUNCTIONS/PROGRAMS			
Governmental Activities:			
Public safety	<u>277 648 89</u>	<u>285 256 74</u>	<u>7 607 85</u>
Total Governmental Activities	<u>277 648 89</u>	<u>285 256 74</u>	<u>7 607 85</u>
General Revenues:			
Interest			1 020 87
Miscellaneous			<u>10 111 88</u>
Total General Revenues			<u>11 132 75</u>
Change in net assets			18 740 60
Net assets, beginning of year			<u>250 265 86</u>
Net Assets, End of Year			<u>269 006 46</u>

The accompanying notes are an integral part of these financial statements.

EDWARDSBURG AMBULANCE SERVICE
Cass County, Michigan

BALANCE SHEET – GOVERNMENTAL FUND
March 31, 2005

	<u>General</u>
<u>Assets</u>	
Cash in bank	54 303 48
Taxes receivable	9 673 06
Accounts receivable	23 000 00
Due from other units	<u>149 014 08</u>
Total Assets	<u>235 990 62</u>
<u>Liabilities and Fund Equity</u>	
Liabilities	
Total liabilities	<u>-</u>
Fund equity:	
Unreserved:	
Undesignated	<u>235 990 62</u>
Total fund equity	<u>235 990 62</u>
Total Liabilities and Fund Equity	<u>235 990 62</u>

The accompanying notes are an integral part of these financial statements.

EDWARDSBURG AMBULANCE SERVICE
Cass County, Michigan

RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUND
TO THE STATEMENT OF NET ASSETS
March 31, 2005

TOTAL FUND BALANCES – GOVERNMENTAL FUNDS	235 990 62
Amounts reported for governmental activities in the statement of net assets are different because –	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheet:	
Capital assets at cost	129 882 26
Accumulated depreciation	(87 472 83)
Long-term debt liabilities are not due and payable in the current period and therefore are not reported in the governmental funds	<u>(9 393 59)</u>
TOTAL NET ASSETS – GOVERNMENTAL ACTIVITIES	<u><u>269 006 46</u></u>

The accompanying notes are an integral part of these financial statements.

EDWARDSBURG AMBULANCE SERVICE
Cass County, Michigan

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
GOVERNMENTAL FUND
Year ended March 31, 2005

	<u>General</u>
Revenues:	
Charges for services – Ontwa Township	158 687 14
Charges for services – other	126 569 60
Interest	1 020 87
Miscellaneous	<u>10 111 88</u>
Total revenues	<u>296 389 49</u>
Expenditures:	
Public safety:	
Ambulance:	
Wages:	
Administrator	7 800 00
Bookkeeper	4 800 00
EMT's	153 038 17
Fringe benefits	16 983 97
Pension	500 00
Payroll taxes	12 673 50
Billing fees	4 984 00
Supplies	9 269 58
Vehicle maintenance	5 906 57
Utilities	3 016 88
Professional fees	3 785 00
Insurance	15 208 53
Education	1 987 55
Contracted services	22 515 06
Miscellaneous	2 561 33
Capital outlay	21 282 08
Debt service	<u>7 948 49</u>
Total expenditures	<u>294 260 71</u>
Excess of revenues over expenditures	<u>2 128 78</u>
Other financing sources (uses):	
Loan proceeds	<u>17 342 08</u>
Total other financing sources (uses)	<u>17 342 08</u>
Excess of revenues and other sources over expenditures and other uses	19 470 86
Fund balance, April 1	<u>216 519 76</u>
Fund Balance, March 31	<u>235 990 62</u>

The accompanying notes are an integral part of these financial statements.

EDWARDSBURG AMBULANCE SERVICE
Cass County, Michigan

RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
Year ended March 31, 2005

NET CHANGE IN FUND BALANCE – TOTAL GOVERNMENTAL FUND 19 470 86

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures; in the Statement of Activities,
these costs are allocated over their estimated useful lives as depreciation

Depreciation Expense (12 618 75)
Capital Outlay 21 282 08

Receipt of debt principal in the form of loan proceeds is a financing source in the
governmental funds, the receipt does not have an effect in the statement of
activities but does increase the debt balance in the statement of net assets

Principal receipts on long-term debt (17 342 08)

Repayment of debt principal is an expenditure in the governmental funds, the
repayment does not have an effect in the statement of activities but does
reduce the debt balance in the statement of net assets.

Principal payments on long-term debt 7 948 49

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES 18 740 60

The accompanying notes are an integral part of these financial statements.

EDWARDSBURG AMBULANCE SERVICE
Cass County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2005

Note 1 – Summary of Significant Accounting Policies

The accounting policies of the Edwardsburg Ambulance Service, Cass County, Michigan, conform to generally accepted accounting principles as applicable to governmental units.

Reporting Entity

The financial statements of the Ambulance Service contain all the Ambulance Service funds that are controlled by or dependent on the Ambulance Service's executive or legislative branches.

The reporting entity is the Edwardsburg Ambulance Service. The Ambulance Service is governed by an elected Ambulance Board. As required by generally accepted accounting principles, these financial statements present the Ambulance Service as the primary government.

Government-Wide and Fund Financial Statements

The government-wide financial statements, (the Statement of Net Assets and the Statement of Changes in Net Assets) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All the Ambulance Service's government-wide activities are considered governmental activities.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, intergovernmental payments and other items not properly included among program revenues are reported as general revenue.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, restricted resources are applied first.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

EDWARDSBURG AMBULANCE SERVICE
Cass County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2005

Note 1 – Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

The Ambulance Service reports only one fund as follows:

- The General Fund is used to record the operations of the Ambulance Service which pertain to maintaining and operating the Ambulance Service. Included are all transactions related to the approved current operating budget.

Assets, Liabilities and Net Assets or Equity

Bank deposits and investments – Cash and cash equivalent investments include cash on hand, demand deposits, certificates of deposit and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables

Receivables have been recognized for all significant amounts due to the Ambulance Service. Allowances for uncollectible accounts have been provided.

Inventories

Inventories of supplies are considered to be immaterial and are not recorded.

Encumbrances

Encumbrances involving the current recognition of purchase orders, contracts and other commitments for future expenditures are not recorded.

Capital Assets

Capital assets are defined by the Ambulance Service as assets with an initial cost of more than \$500.00 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost. Donated assets are reported at estimated fair market value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Vehicles	10 years
Equipment	5-20 years

Compensated Absences (Vacation and Sick Leave)

Employees are not allowed to accumulate vacation and sick pay and therefore no accumulated amount is recorded in the financial statements.

Post-employment Benefits

The Ambulance Service provides no post-employment benefits to past employees.

EDWARDSBURG AMBULANCE SERVICE
Cass County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2005

Note 1 – Summary of Significant Accounting Policies (continued)

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Accounting Change

Effective April 1, 2004, the Ambulance Service implemented the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* (GASB No. 34). Changes to the Ambulance Service's financial statements as a result of GASB No. 34 are as follows:

A Management's Discussion and Analysis (MD&A) section providing analysis of the Ambulance Service's overall financial position and results of operations has been included.

Government-wide financial statements (Statement of Net Assets and Statement of Activities) prepared using the full accrual accounting for all the Ambulance Service's activities have been provided.

Capital assets in the governmental activities column of the Statement of Net Assets include net assets totaling \$42,409.43.

Note 2 – Budgets and Budgetary Accounting

The following procedures are followed in establishing the budgetary data reflected in these financial statements:

1. Prior to the beginning of the fiscal year, the proposed budget for each budgetary fund is submitted to the Ambulance Board for consideration.
2. The proposed budgets include expenditures as well as the methods of financing them.
3. Public hearings are held to obtain taxpayer comments.
4. The budgets are adopted at the activity level by a majority vote of the Ambulance Board.
5. The budgets are adopted on the modified accrual basis of accounting.
6. The originally adopted budgets can be amended during the year only by a majority vote of the Ambulance Board.
7. The adopted budgets are used as a management control device during the year for all budgetary funds.
8. Budget appropriations lapse at the end of each fiscal year.
9. The budgeted amounts shown in these financial statements are the originally adopted budgets with all amendments that were approved by the Ambulance Board during the fiscal year.

EDWARDSBURG AMBULANCE SERVICE
Cass County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2005

Note 3 – Deposits and Investments

Michigan Compiled Laws, Section 129.91, authorizes the Ambulance Service to deposit and invest in the accounts of federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or federal agency obligation repurchase agreements; banker's acceptance of United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The Ambulance Board has designated one bank for the deposit of Ambulance Service funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in all investments authorized by state law as listed above.

The Ambulance Service's deposits and investments are in accordance with statutory authority.

The Governmental Accounting Standards Board Statement No. 3, risk disclosures for the cash deposits are as follows:

	<u>Carrying Amounts</u>
Total Deposits	<u>54 303 48</u>

Amounts in the bank balances are without considering deposits in transit or uncleared checks.

	<u>Bank Balances</u>
Insured (FDIC)	56 723 80
Uninsured and Uncollateralized	<u>-</u>
Total Deposits	<u>56 723 80</u>

The Edwardsburg Ambulance Service did not have any investments as of March 31, 2005.

Note 4 – Capital Assets

Capital asset activity of the Ambulance Service's Governmental activities for the current year was as follows:

	<u>Balance 4/1/04</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 3/31/05</u>
<u>Governmental Activities:</u>				
Vehicles	85 238 00	-	-	85 238 00
Equipment	<u>23 362 18</u>	<u>21 282 08</u>	<u>-</u>	<u>44 644 26</u>
Total	108 600 18	21 282 08	-	129 882 26
Accumulated Depreciation	<u>(74 854 08)</u>	<u>(12 618 75)</u>	<u>-</u>	<u>(87 472 83)</u>
Net Capital Assets	<u>33 746 10</u>	<u>8 663 33</u>	<u>-</u>	<u>42 409 43</u>

EDWARDSBURG AMBULANCE SERVICE
Cass County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2005

Note 5 – Long-Term Debt

A summary of changes in long-term debt follows:

	<u>Balance 4/1/04</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 3/31/05</u>
Contract payable – Cardiac monitor	<u>-</u>	<u>17 342 08</u>	<u>7 948 49</u>	<u>9 393 59</u>
Total	<u>-</u>	<u>17 342 08</u>	<u>7 948 49</u>	<u>9 393 59</u>

Note 6 – Contract Payable – Cardiac Monitor

The Ambulance Service obtained a loan in the amount of \$17,342.08 to fund the purchase of a cardiac monitor. The contract requires 24 monthly payments of \$722.59. As of March 31, 2005, the outstanding principal balance was \$9,393.59.

Note 7 – Deferred Compensation Plan

The Ambulance Service does not have a deferred compensation plan.

Note 8 – Pension Plan

The Ambulance Service has a defined contribution pension plan for its employees. Eligibility is based on length of service. The plan requires participant contributions. For the fiscal year ended March 31, 2005, the employer contribution was \$500.00.

Note 9 – Risk Management

The Ambulance Service is exposed to various risks of loss related to property loss, torts, errors, omissions, and employee injuries (workers' compensation). The Ambulance Service has purchased commercial insurance for property loss, torts and workers' compensation claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

EDWARDSBURG AMBULANCE SERVICE
Cass County, Michigan

BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
Year ended March 31, 2005

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
Revenues:				
Charges for services – Ontwa Twp.	136 500 00	136 500 00	158 687 14	22 187 14
Charges for services – other	108 492 32	108 492 32	126 569 60	18 077 28
Interest	425 00	425 00	1 020 87	595 87
Miscellaneous	10 800 00	10 800 00	10 111 88	(688 12)
Total revenues	256 217 32	256 217 32	296 389 49	40 172 17
Expenditures:				
Public safety:				
Ambulance:				
Wages:				
Administrator	7 800 00	7 800 00	7 800 00	-
Bookkeeper	4 800 00	4 800 00	4 800 00	-
EMT's	154 000 00	154 000 00	153 038 17	(961 83)
Fringe benefits	20 000 00	20 000 00	16 983 97	(3 016 03)
Pension	1 200 00	1 200 00	500 00	(700 00)
Payroll taxes	13 000 00	13 000 00	12 673 50	(326 50)
Billing fees	6 000 00	6 000 00	4 984 00	(1 016 00)
Supplies	10 500 00	10 500 00	9 269 58	(1 230 42)
Vehicle maintenance	5 000 00	5 906 57	5 906 57	-
Utilities	3 000 00	3 016 88	3 016 88	-
Professional fees	4 400 00	5 000 00	3 785 00	(1 215 00)
Insurance	20 500 00	15 500 00	15 208 53	(291 47)
Education	3 000 00	3 000 00	1 987 55	(1 012 45)
Contracted services	15 000 00	22 515 06	22 515 06	-
Miscellaneous	3 700 00	3 134 93	2 561 33	(573 60)
Contingency	-	2 598 25	-	(2 598 25)
Capital outlay	20 600 00	31 626 56	21 282 08	(10 344 48)
Debt service	7 598 25	8 000 00	7 948 49	(51 51)
Total expenditures	300 098 25	317 598 25	294 260 71	(23 337 54)
Excess (deficiency) of revenues over expenditures	(43 880 93)	(61 380 93)	2 128 78	63 509 71
Other financing sources (uses):				
Loan proceeds	-	17 500 00	17 342 08	(157 92)
Total other financing sources (uses)	-	17 500 00	17 342 08	(157 92)
Excess (deficiency) of revenues and Other sources over expenditures And other uses	(43 880 93)	(43 880 93)	19 470 86	63 351 79
Fund balance, April 1	43 880 93	43 880 93	216 519 76	172 638 83
Fund Balance, March 31	-	-	235 990 62	235 990 62

CAMPBELL, KUSTERER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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AUDIT COMMUNICATION AND REPORT OF COMMENTS AND RECOMMENDATIONS

May 10, 2005

To the Ambulance Board
Edwardsburg Ambulance Service
Cass County, Michigan

We have audited the financial statements of the Edwardsburg Ambulance Service for the year ended March 31, 2005. As required by auditing standards generally accepted in the United States, the independent auditor is required to make several communications to the governing body having oversight responsibility for the audit. The purpose of this communication is to provide you with additional information regarding the scope and results of our audit that may assist you with your oversight responsibilities of the financial reporting process for which management is responsible.

AUDITOR'S RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES

We conducted our audit of the financial statements of the Edwardsburg Ambulance Service in accordance with auditing standards generally accepted in the United States. The following paragraph explains our responsibilities under those standards.

Management has the responsibility for adopting sound accounting policies, for maintaining an adequate and effective system of accounts, for the safeguarding of assets, and for devising an internal control structure that will, among other things, help assure the proper recording of transactions. The transactions that should be reflected in the accounts and in the financial statements are matters within the direct knowledge and control of management. Our knowledge of such transactions is limited to that acquired through our audit. Accordingly, the fairness of representations made through the financial statements is an implicit and integral part of management's accounts and records. However, our responsibility for the financial statements is confined to the expression of an opinion on them. The financial statements remain the responsibility of management.

The concept of materiality is inherent in the work of an independent auditor. An auditor places greater emphasis on those items that have, on a relative basis, more importance to the financial statements and greater possibilities of material error than those items of lesser importance or those in which the possibility of material error is remote.

For this purpose, materiality has been defined as "the magnitude of an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would have been changed or influenced by the omission or misstatement."

An independent auditor's objective in an audit is to obtain sufficient competent evidential matter to provide a reasonable basis for forming an opinion on the financial statements. In doing so, the auditor must work within economic limits; the opinion, to be economically useful, must be formed within a reasonable length of time and at reasonable cost. That is why an auditor's work is based on selected tests rather than an attempt to verify all transactions. Since evidence is examined on a test basis only, an audit provides only reasonable assurance, rather than absolute assurance, that financial statements are free of material misstatement. Thus, there is a risk that audited financial statements may contain undiscovered material errors or fraud. The existence of that risk is implicit in the phrase in the audit report, "in our opinion."

To the Ambulance Board
Edwardsburg Ambulance Service
Cass County, Michigan

In the audit process, we gain an understanding of the internal control structure of an entity for the purpose of assisting in determining the nature, timing, and extent of audit testing. Our understanding is obtained by inquiry of management, testing transactions, and observation and review of documents and records. The amount of work done is not sufficient to provide a basis for an opinion on the adequacy of the internal control structure.

SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies are described in Note 1 to the financial statements.

OTHER COMMUNICATIONS

Auditing standards call for us to inform you of other significant issues such as, but not limited to, 1) Accounting estimates that are particularly sensitive because of their significance to the financial statements or because of the possibility that future events affecting them may differ markedly from management's current judgments; 2) Significant audit adjustments that may not have been detected except through the auditing procedures we performed; 3) Disagreements with management regarding the scope of the audit or application of accounting principles; 4) Consultation with other accountants; 5) Major issues discussed with management prior to retention; and 6) Difficulties encountered in performing the audit.

We have no significant issues, regarding these matters, to report to you at this time. Audit adjustments were minimal, and are available to review.

GASB 34 IMPLEMENTATION

The Governmental Accounting Standards Board issued a new reporting model for governmental units which was required to be implemented for the fiscal year ended March 31, 2005. The implementation of this pronouncement for the Edwardsburg Ambulance Service began with the year ended March 31, 2005. The daily operations and recording transactions did not change significantly, however, the Ambulance Service is required to maintain additional records for the year end adjustments to the final presentation format.

COMMENTS AND RECOMMENDATION REGARDING INTERNAL CONTROLS/ COMPLIANCE/ EFFICIENCY

Our procedures disclosed the following conditions that we would like to bring to your attention:

SEGREGATION OF DUTIES

A separation of duties between persons who authorize transactions and persons who have control over the related assets does not always exist.

The least desirable accounting system is one in which an employee is responsible for executing the transaction and then recording the transaction from its origin to its ultimate posting in the General Ledger. This increases the likelihood that intentional or unintentional errors will go undetected. In most cases, adequate segregation of duties substantially increases control over errors without duplication of effort.

We understand that due to the size of needed staff, a proper segregation of duties may be impractical and the "cost to benefit" relationship may not justify the addition of accounting staff to accomplish the desired segregation.

These conditions were considered in determining the nature, timing and extent of the audit tests to be applied in our audit of the Ambulance Service's financial statements and this communication of these matters does not affect our report on the Ambulance Service's financial statements, dated March 31, 2005.

To the Ambulance Board
Edwardsburg Ambulance Service
Cass County, Michigan

SUMMARY

We welcome any questions you may have regarding the foregoing comments and we would be happy to discuss any of these or other questions that you might have at your convenience.

Sincerely,

Campbell, Kusterer & Co., P.C.

CAMPBELL, KUSTERER & CO., P.C.
Certified Public Accountants